

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2006

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Maple Ridge	County Alpena
Audit Date March 31, 2006	Opinion Date April 27, 2006	Date Accountant Report Submitted to State: April 27, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95)

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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April 27, 2006

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Maple Ridge
Alpena County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Maple Ridge, Alpena County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Maple Ridge's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Maple Ridge, Alpena County, Michigan as of March 31, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2005.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

This section of the Township of Maple Ridge annual financial report presents our discussion and analysis of the financial performance during the fiscal year ended March 31, 2006. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2006, totaled \$744,324.38 for governmental activities. Of this total, \$458,699.88 represents capital assets net of depreciation and related debt. Overall, net assets increased by \$179,800.00 from the prior year.

Overall revenues were \$395,608.20. Overall expenses were \$477,202.24.

We did not incur any new debt during the year.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are government wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. These would include the General Fund, and the Fire Debt Service Fund.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include: the General Fund, and the Fire Debt Service Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets: The Township's net assets increased \$179,800.00 during the year ended March 31, 2006, totaling \$744,324.38.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

General Fund: This fund is used to record all activities of the Township not required to be recorded in a separate fund. This would include legislative, administrative, elections, public safety, building and grounds, and refuse collection. The major source of revenue for the general fund is from the Township tax base and the revenue sharing from the State of Michigan. The major expenses for this fiscal year include the upgrades to the Township's Fire Department.

Fire Debt Service Fund: This is used to account for fire long-term debt. The major source of revenue is from the Township tax base.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Additions to the Township's governmental activities capital assets for this year totaled \$274,464.20.

During the year ended March 31, 2006, the Township paid \$16,511.91 of principal on long-term debt from the governmental activities.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Township's plans for the future include a Hall addition and improvements to the Township Fire Hall Building.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our taxpayers with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact Tammy Schultz, Clerk, or Tom Ritter, Supervisor, by calling (989)356-0744 between 9 am and 5 pm, Tuesday through Thursday.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	276 947 63
Taxes receivable	<u>8 762 95</u>
Total Current Assets	<u>285 710 58</u>
NON-CURRENT ASSETS:	
Capital Assets	705 141 57
Less: Accumulated Depreciation	<u>(246 441 69)</u>
Total Non-current Assets	<u>458 699 88</u>
TOTAL ASSETS	<u>744 410 46</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>86 08</u>
Total Current Liabilities	<u>86 08</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>86 08</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	458 699 88
Restricted	141 314 23
Unrestricted	<u>144 310 27</u>
Total Net Assets	<u>744 324 38</u>
TOTAL LIABILITIES AND NET ASSETS	<u>744 410 46</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

		Program Revenues		Governmental Activities
		Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Expenses			
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	4 593 51	-	-	(4 593 51)
General government	91 744 96	17 448 28	-	(74 296 68)
Public safety	71 199 93	11 694 00	159 293 63	99 787 70
Public works	16 944 84	-	-	(16 944 84)
Culture and recreation	11 467 30	-	-	(11 467 30)
Other	16 267 00	-	-	(16 267 00)
Interest on long-term debt	3 590 66	-	-	(3 590 66)
Total Governmental Activities	<u>215 808 20</u>	<u>29 142 28</u>	<u>159 293 63</u>	<u>(27 372 29)</u>
General Revenues:				
Property taxes				71 126 00
Other taxes				4 165 63
State revenue sharing				121 480 16
Interest				3 854 39
Transfers in				38 020 67
Transfers out				(38 020 67)
Miscellaneous				<u>6 546 11</u>
Total General Revenues				<u>207 172 29</u>
Change in net assets				179 800 00
Net assets, beginning of year				<u>564 524 38</u>
Net Assets, End of Year				<u>744 324 38</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

	<u>General</u>	<u>Other funds (Fire D/S)</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	256 901 09	12 486 32	269 387 41
Taxes receivable	5 054 51	3 708 44	8 762 95
Due from other funds	<u>7 560 22</u>	<u>-</u>	<u>7 560 22</u>
Total Assets	<u>269 515 82</u>	<u>16 194 76</u>	<u>285 710 58</u>
<u>Liabilities and Fund Equity</u>			
Liabilities:			
Accounts payable	<u>86 08</u>	<u>-</u>	<u>86 08</u>
Total liabilities	<u>86 08</u>	<u>-</u>	<u>86 08</u>
Fund equity:			
Fund balances:			
Reserved for debt service	-	16 194 76	16 194 76
Reserved for cemetery	51 539 22	-	51 539 22
Unreserved:			
Designated for roads	67 249 71	-	67 249 71
Designated for building	6 330 54	-	6 330 54
Undesignated	<u>144 310 27</u>	<u>-</u>	<u>144 310 27</u>
Total fund equity	<u>269 429 74</u>	<u>16 194 76</u>	<u>285 624 50</u>
Total Liabilities and Fund Equity	<u>269 515 82</u>	<u>16 194 76</u>	<u>285 710 58</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
March 31, 2006

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS

285 624 50

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost

705 141 57

Accumulated depreciation

(246 441 69)

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES

744 324 38

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
Year ended March 31, 2006

	<u>General</u>	<u>Other Funds (Fire D/S)</u>	<u>Total</u>
Revenues:			
Property taxes	37 299 05	33 826 95	71 126 00
Other taxes	4 165 63	-	4 165 63
Licenses and permits	11 694 00	-	11 694 00
Federal Grants	156 550 00	-	156 550 00
State revenue sharing	121 480 16	-	121 480 16
State Grants	2 743 63	-	2 743 63
Charges for services – PTAF	9 888 28	-	9 888 28
Charges for services- cemetery	4 750 00	-	4 750 00
Interest	3 773 46	80 93	3 854 39
Hall rental	2 810 00	-	2 810 00
Miscellaneous	6 546 11	-	6 546 11
Total revenues	<u>361 700 32</u>	<u>33 907 88</u>	<u>395 608 20</u>
Expenditures:			
Legislative:			
Township Board	3 593 51	-	3 593 51
General government:			
Supervisor	27 197 68	-	27 197 68
Clerk	15 347 19	-	15 347 19
Board of Review	1 772 15	-	1 772 15
Treasurer	17 331 05	-	17 331 05
Building and grounds	6 787 32	-	6 787 32
Cemetery	5 812 95	-	5 812 95
Unallocated	13 972 46	-	13 972 46
Public safety:			
Fire protection	38 322 80	-	38 322 80
Liquor law enforcement	1 117 70	-	1 117 70
Zoning	6 701 52	-	6 701 52
Public works:			
Highways and streets	16 944 84	-	16 944 84
Recreation and culture:			
Parks and recreation	1 426 80	-	1 426 80
Inspections	10 040 50	-	10 040 50
Other:			
Insurance	16 267 00	-	16 267 00
Capital outlay	274 464 20	-	274 464 20
Debt service	-	20 102 57	20 102 57
Total expenditures	<u>457 099 67</u>	<u>20 102 57</u>	<u>477 202 24</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
Year ended March 31, 2006

	<u>General</u>	<u>Other Funds (Fire D/S)</u>	<u>Total</u>
Total Expenditures	<u>457 099 67</u>	<u>20 102 57</u>	<u>477 202 24</u>
Excess (deficiency) of revenues over expenditures	<u>(95 399 35)</u>	<u>13 805 31</u>	<u>(81 594 04)</u>
Other financing sources (uses):			
Operating transfers in	38 020 67	-	38 020 67
Operating transfers out	-	(38 020 67)	(38 020 67)
Total other financing sources (uses)	<u>38 020 67</u>	<u>(38 020 67)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(57 378 68)</u>	<u>(24 215 36)</u>	<u>(81 594 04)</u>
Fund balance, April 1	<u>326 808 42</u>	<u>40 410 12</u>	<u>367 218 54</u>
Fund Balance, March 31	<u>269 429 74</u>	<u>16 194 76</u>	<u>285 624 50</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

GOVERNMENTAL FUNDS-
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS (81 594 04)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities,
these costs are allocated over their estimated useful lives as depreciation expense.

Depreciation Expense	(29 582 07)
Capital asset purchases capitalized	274 464 20

Repayment of debt principal is an expenditure in the governmental funds,
the repayment does not have an effect in the statement of activities
but does reduce the debt balance in the statement of net assets.

Principal payments on long term debt	<u>16 511 91</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>179 800 00</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Maple Ridge, Alpena County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Maple Ridge. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Debt Service Fund

This fund is used to record revenues which are restricted for the payment of principal and interest on long-term debt.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2005 tax roll millage rate was 1.9834 mills, and the taxable value was \$35,981,399.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	10 - 30 years
Furniture and equipment	3 - 30 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$458,699.88.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

Total Deposits

Carrying
Amounts

276 947 63

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Note 3 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	181 516 36
Uninsured and Uncollateralized	<u>96 973 85</u>
Total Deposits	<u>278 490 21</u>

The Township of Maple Ridge did not have any investments as of March 31, 2006.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/06</u>
<u>Governmental Activities:</u>				
Land	771 04	14 118 08	-	14 889 12
Buildings	173 707 45	12 200 00	-	185 907 45
Equipment	<u>256 198 88</u>	<u>248 146 12</u>	<u>-</u>	<u>504 345 00</u>
Total	430 677 37	274 464 20	-	705 141 57
Accumulated Depreciation	<u>(216 859 62)</u>	<u>(29 582 07)</u>	<u>-</u>	<u>(246 441 69)</u>
Net Capital Assets	<u>213 817 75</u>	<u>244 882 13</u>	<u>-</u>	<u>458 699 88</u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2006, the Township had building permit revenues of \$10,466.50 and building permit expenses of \$10,040.50.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>7 560 22</u>	Current Tax Collection	<u>7 560 22</u>

Note 10 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/06</u>
Contract Payable	<u>16 511 91</u>	<u>-</u>	<u>16 511 91</u>	<u>-</u>

Note 11 – Contract-Fire Truck

On January 12, 1999, the Township obtained a loan in the amount of \$164,473.00 for the purchase of a fire truck. The contract payable required eight annual payments of \$25,480.83, including interest, beginning January 30, 2000. During the year ended March 31, 2006, the contract payable was paid off in full.

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	41 800 00	41 800 00	37 299 05	(4 500 95)
Other taxes	4 300 00	4 300 00	4 165 63	(134 37)
Licenses, permits and inspections	15 500 00	15 500 00	11 694 00	(3 806 00)
Federal grants	-	200 000 00	156 550 00	(43 450 00)
State revenue sharing	120 400 00	120 400 00	121 480 16	1 080 16
State grants	6 350 00	6 350 00	2 743 63	(3 606 37)
Charges for services – PTAF	7 800 00	7 800 00	9 888 28	2 088 28
Charges for services - cemetery	7 000 00	7 000 00	4 750 00	(2 250 00)
Interest	1 160 00	1 160 00	3 773 46	2 613 46
Hall rental	2 000 00	2 000 00	2 810 00	810 00
Special assessments	4 100 00	4 100 00	-	(4 100 00)
Miscellaneous	2 500 00	2 500 00	6 546 11	4 046 11
Total revenues	<u>212 910 00</u>	<u>412 910 00</u>	<u>361 700 32</u>	<u>(51 209 68)</u>
Expenditures:				
Legislative:				
Township Board	5 210 00	5 210 00	3 593 51	(1 616 49)
General government:				
Supervisor	27 198 00	27 198 00	27 197 68	(32)
Clerk	16 470 00	16 470 00	15 347 19	(1 122 81)
Board of Review	1 773 00	1 773 00	1 772 15	(85)
Treasurer	18 718 00	18 718 00	17 331 05	(1 386 95)
Buildings and grounds	7 360 00	7 360 00	6 787 32	(572 68)
Cemetery	6 710 00	6 710 00	5 812 95	(897 05)
Unallocated	21 392 00	21 392 00	13 972 46	(7 419 54)
Public safety:				
Fire protection	45 040 00	45 040 00	38 322 80	(6 717 20)
Liquor law enforcement	1 118 00	1 118 00	1 117 70	(30)
Zoning	10 610 00	10 610 00	6 701 52	(3 908 48)
Public works:				
Highways and streets	17 000 00	17 000 00	16 944 84	(55 16)
Recreation and culture:				
Parks and recreation	2 320 00	2 320 00	1 426 80	(893 20)
Inspections	12 000 00	12 000 00	10 040 50	(1 959 50)
Other:				
Insurance	16 668 00	16 668 00	16 267 00	(401 00)
Contingency	26 320 00	26 320 00	-	(26 320 00)
Capital Outlay	36 000 00	276 000 00	274 464 20	(1 535 80)
Total expenditures	<u>271 907 00</u>	<u>511 907 00</u>	<u>457 099 67</u>	<u>(54 807 33)</u>

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Excess (deficiency) of revenues over expenditures	<u>(58 997 00)</u>	<u>(98 997 00)</u>	<u>(95 399 35)</u>	<u>3 597 65</u>
Other financing sources (uses):				
Operating transfers in	-	40 000 00	38 020 67	(1 979 33)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>40 000 00</u>	<u>38 020 67</u>	<u>(1 979 33)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(58 997 00)</u>	<u>(58 997 00)</u>	<u>(57 378 68)</u>	<u>1 618 32</u>
Fund balance, April 1	<u>58 997 00</u>	<u>58 997 00</u>	<u>326 808 42</u>	<u>267 811 42</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>269 429 74</u>	<u>269 429 74</u>

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2006

Township Board:	
Wages	2 187 50
Office supplies	41 15
Travel	8 00
Publishing and printing	211 72
Education and dues	968 89
Miscellaneous	176 25
	<u>3 593 51</u>
Supervisor:	
Salary	6 995 00
Salary – assessing	18 000 00
Supplies	189 49
Rent	550 00
Travel	646 00
Education and dues	157 00
Telephone	660 19
	<u>27 197 68</u>
Clerk:	
Salary	13 670 00
Salary – Deputy Clerk	250 00
Supplies	471 79
Rent	550 00
Travel	260 40
Education and dues	145 00
	<u>15 347 19</u>
Board of Review:	
Wages	1 576 00
Publishing and printing	51 75
Travel	144 40
	<u>1 772 15</u>
Treasurer:	
Salary	10 992 50
Salary – Deputy Treasurer	500 00
Supplies	3 075 40
Rent	550 00
Travel	774 85
Miscellaneous	66 59
Telephone	813 71
Repairs and maintenance	558 00
	<u>17 331 05</u>
Building and grounds:	
Wages	1 817 00
Supplies	254 30
Utilities	2 043 83
Telephone	761 48
Mileage	169 60
Electricity	970 91
Repairs and maintenance	770 70
	<u>6 787 82</u>

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2006

Cemetery:	
Supplies	578 54
Repairs and maintenance	301 77
Miscellaneous	100 04
Mileage	225 60
Wages	<u>4 607 00</u>
Unallocated:	<u>5 812 95</u>
Equalization	
Attorney	2 541 45
Payroll taxes	5 400 00
Miscellaneous	4 502 12
	<u>1 528 89</u>
Fire protection:	<u>13 972 46</u>
Wages	
Supplies	12 631 35
Utilities	4 958 42
Repairs and maintenance	1 877 64
Telephone	9 534 85
Travel	1 419 59
Electricity	1 374 44
Education	539 43
Fuel	3 480 00
Miscellaneous	1 362 80
	<u>1 144 28</u>
Liquor law enforcement:	<u>38 322 80</u>
Wages	
Supplies	714 00
	<u>403 70</u>
Zoning:	<u>1 117 70</u>
Wages	
Supplies	3 068 00
Travel	259 91
Publishing	57 60
Contracted Services	1 974 63
Education	1 139 38
	<u>202 00</u>
	<u>6 701 52</u>
Highways and streets	<u>16 944 84</u>
Parks and recreation:	
Wages	
Supplies	792 00
Mileage	490 00
	<u>144 80</u>
Inspections:	<u>1 426 80</u>
Wages	
	<u>10 040 50</u>
Insurance	<u>10 040 50</u>
Capital outlay	<u>16 267 00</u>
Total Expenditures	<u>274 464 20</u>
	<u>457 099 67</u>

TOWNSHIP OF MAPLE RIDGE
Alpena County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2006

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/06</u>
<u>Assets</u>				
Cash in Bank and Investments	<u>2 965 14</u>	<u>928 088 95</u>	<u>923 407 79</u>	<u>7 646 30</u>
<u>Liabilities</u>				
Due to other funds	2 965 14	86 636 91	82 041 83	7 560 22
Due to others	-	841 452 04	841 365 96	86 08
Total Liabilities	<u>2 965 14</u>	<u>928 088 95</u>	<u>923 407 79</u>	<u>7 646 30</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

April 27, 2006

To the Township Board
Township of Maple Ridge
Alpena County, Michigan

We have audited the financial statements of the Township of Maple Ridge for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Maple Ridge in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Maple Ridge
Alpena County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2006. The implementation of this pronouncement for the Township of Maple Ridge began with the year ended March 31, 2006. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2006.

To the Township Board
Township of Maple Ridge
Alpena County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants